



Agenda Date: 1/9/02

Agenda Item: 4C

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION FOR)	
AN ORDER AUTHORIZING COOPERATIVE)	<u>ORDER OF APPROVAL</u>
COMMUNICATIONS, INC. TO PROVIDE)	
LOCAL EXCHANGE AND INTEREXCHANGE)	
TELECOMMUNICATIONS SERVICES)	
THROUGHOUT NEW JERSEY)	DOCKET NO. TE00110884

(Service List Attached)

BY THE BOARD:

By letter dated November 3, 2000, Cooperative Communications, Inc. (Petitioner or Cooperative) filed a petition with the Board of Public Utilities (Board) requesting authority to provide local exchange and interexchange services throughout the State of New Jersey. In addition, Cooperative responded to a staff questionnaire by letter dated September 13, 2000 and to Staff interrogatories by letter dated March 29, 2001.

According to the petition, Petitioner was incorporated under the laws of the State of New Jersey on February 7, 1990 as Cooperative Long Distance Services. On October 16, 1991, Cooperative changed its name to Cooperative Communications, Inc. Petitioner's principal offices are located at 412-420 Washington Ave., Belleville, New Jersey, 07109. Petition at 3.

Petitioner submitted copies of its Certificate of Incorporation and its New Jersey Certificate of Good Standing. Petition at 3, Exhibit A; March 29, 2001 letter, Attachment 1. According to the petition, Cooperative was formed to provide local exchange and interexchange services. Petition at 1. Petitioner advised that Cooperative currently provides resold local exchange services in Massachusetts and Oregon and interexchange telecommunications services in Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Indiana, Iowa, Michigan, Montana, Oregon, Utah and Virginia. Cooperative has not been denied authority to provide telecommunications services in any state. In addition, Cooperative has no pending civil, criminal or administrative actions against it.

Cooperative advised that it currently has an interconnection agreement with Verizon New Jersey, which will be filed imminently.

In its petition, petitioner advised that it seeks authority to provide local exchange and interexchange telecommunications services to small and medium size business customers, telecommuters and internet service providers throughout New Jersey. Cooperative intends to

offer a full range of local and interexchange services, including, but not limited to, local service, long distance service, and switched and special access. Petition at 5.

Petitioner requested a waiver of N.J.A.C. 14:1-4.3, which requires that its books and records be maintained in accordance with the Uniform System of Accounts (USOA). Petitioner requested that in the interest of efficiency and to prevent undue burden, its books and records will be maintained in accordance with Generally Accepted Accounting Principles (GAAP). Petition at 6.

Petitioner asserted that approval of its petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. Petition at 5. Petitioner also asserted that approval of this Petition will provide New Jersey customers with access to new technologies and service choices and will permit customers to achieve increased efficiencies and cost savings. In addition, Petitioner stated that approval of its petition will enhance the telecommunications infrastructure in the State of New Jersey and will facilitate economic development. Petition at 5.

With regard to its technical and managerial qualifications, Cooperative stated that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. Petition at 4. Petitioner submitted the professional biographies of its key personnel who, according to Cooperative, are well qualified to execute its business plans, and have extensive managerial and technical experience in the telecommunications industry. Petition at 4, Exhibit C.

Petitioner has submitted the operations statements and balance sheets of Cooperative Communications, Inc. and its subsidiaries for the years 1998 and 1999 as evidence of sufficient financing, but will be required to provide two years of pro forma statements for its New Jersey operations prior to approval of its tariff.

The Division of the Ratepayer Advocate recommended approval of this petition by letter dated February 8, 2001.

DISCUSSION

On February 8, 1996, the federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. § 151 et seq., was signed into law, removing barriers to competition by providing that:

[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of an entity to provide any interstate or intrastate telecommunications service.

[47 U.S.C. §253(a)].

Therefore, Board approval of Petitioner's entry into the telecommunications marketplace is required, assuming Petitioner meets all other requirements, including, but not limited to, a demonstration of financial, technical and managerial integrity.

In considering this application, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets. 47 U.S.C. §253(a). Approval is also in keeping with the New Jersey State Legislature's decision that it is the policy of the State to provide diversity in the supply of telecommunications services, and its findings that competition will "promote efficiency, reduce regulatory delay and foster productivity and innovations" and "produce a wider

selection of services at competitive market-based prices.” N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed Cooperative’s petition and the information supplied in support thereof, the Board FINDS that petitioner has demonstrated that it possesses the requisite financial, technical and managerial resources which are necessary to provide telecommunications services in New Jersey. Accordingly, the Board HEREBY AUTHORIZES Petitioner to provide local exchange and interexchange telecommunications services in New Jersey subject to approval of its tariff and submission of its own pro forma financial statements. The Board notes the Petitioner will not be able to provide telecommunications services until a tariff is approved by the Board and the required financial statements have been provided. Regarding the Petitioner’s request for a waiver of Board rules, the Board FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements to maintain its books and records under the USOA. Therefore, the Board APPROVES Petitioner’s request for the exemptions from maintaining its books and records under the USOA.

DATED: 1/10/02

BOARD OF PUBLIC UTILITIES
BY:

(signed)
CONNIE O. HUGHES
PRESIDENT

(signed)
FREDERICK F. BUTLER
COMMISSIONER

(signed)
CAROL J. MURPHY
COMMISSIONER

ATTEST:

(signed)
HENRY M. OGDEN
ACTING BOARD SECRETARY

Service List

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